

MINUTES OF THE REGULAR CITY COUNCIL MEETING
TUESDAY- -FEBRUARY 20, 2007- -7:30 P.M.

Mayor Johnson convened the Regular City Council meeting at 8:30 p.m.

ROLL CALL - Present: Councilmembers deHaan, Gilmore, Matarrese, Tam, and Mayor Johnson - 5.

Absent: None.

AGENDA CHANGES

(07-073) Mayor Johnson announced that the Resolution Appointing Walter Schlueter [paragraph no. 07-088] would be heard before the Consent Calendar items removed for discussion.

PROCLAMATIONS, SPECIAL ORDERS OF THE DAY AND ANNOUNCEMENTS

(07-074) Proclamation declaring the period of January 30, 2007 to April 4, 2007 as A Season for Nonviolence.

Mayor Johnson read and presented the proclamation to Audrey Lord-Hausman with the Development Services Department.

Ms. Lord-Hausman thanked Council for the proclamation; stated it is important to ensure that children live in a safe community; a youth speech contest has been initiated in partnership with the School District.

(07-075) Presentation of City Map Project.

The Development Services Director gave a brief report.

Mayor Johnson thanked Jeanette Copperwaite with Copperwaite Digital Media for the City Map design.

Ms. Copperwaite stated it was a pleasure to work on the City Map.

Kathy Moehring, West Alameda Business Association (WABA), thanked the City for providing the City Map.

CONSENT CALENDAR

Mayor Johnson announced that the recommendation to accept the Quarterly Investment Report [paragraph no. 07-079], the recommendation to amend Contracts [paragraph no. 07-080], and Resolutions Amending City of Alameda Resolution Nos. 13937 and

13907 [paragraph nos. 07-086 and 07-086A] were removed from the Consent Calendar for discussion.

Councilmember Matarrese moved approval of the remainder of the Consent Calendar.

Vice Mayor Tam seconded the motion, which carried by unanimous voice vote - 5. [Items so enacted or adopted are indicated by an asterisk preceding the paragraph number.]

(*07-076) Minutes of the Special and Regular City Council Meetings held on February 6, 2007. Approved.

(*07-077) Ratified bills in the amount of \$3,803,536.53.

(*07-078) Recommendation to accept the Quarterly Sales Tax Report for the period ending September 30, 2006. Accepted.

(*07-079) Recommendation to accept the Quarterly Investment Report for the period ending December 31, 2006.

Vice Mayor Tam stated the County Auditor-Controller offered to review the City's investment portfolio and facilitate a meeting with the County Treasurer to review investment opportunities.

The City Treasurer gave a briefing on the City's Investment Report.

Mayor Johnson inquired whether the two manager's performances differ.

The City Treasurer responded the difference is very small; stated one manager manages longer term bonds, which gives a little higher return over time.

Mayor Johnson requested that the City Treasurer review the City's Investment Policy when meeting with the County Auditor-Controller or that he conduct his own review.

The City Treasurer stated the Finance Director is very bright and continues to investigate the investment arena.

Vice Mayor Tam moved approval of the staff recommendation with direction that the City Treasurer meet with the County Auditor-Controller and County Treasurer to review the City's investment portfolio and policy and to report back to Council in the next Quarterly Report or sooner.

Councilmember Matarrese seconded the motion, which carried by

unanimous voice vote - 5.

(07-080) Recommendation to amend Contracts with Lamphier-Gregory and Omni Means for environmental and traffic evaluations of the proposed expansion of the Alameda Towne Centre and amend Contract with Harsch Investment Realty for payment of consultant and staff costs.

The Supervising Planner provided a brief presentation.

Eugenie Thomson, Alameda (submitted handout), urged Council to send the scope back to the Planning Board for further discussion.

Dorothy Reid, Alameda, stated she is concerned with the scope; accurate traffic numbers are needed to make a real decision.

Claire Risley, Alameda (submitted handout), urged Council not to approve the requested Contract revisions; the scope of work fails to analyze the environmental impacts of the entire Target building; the project is piece meal; the California courts make it very clear that a public agency may not divide a single project into smaller sub-projects to avoid the responsibility of considering the environmental impact of the project as a whole.

There being no further speakers, Mayor Johnson closed the public portion of the hearing.

Councilmember deHaan stated the proposed additional work is a direct outgrowth of the Planning Board, Transportation Commission and general public; inquired whether the additional scope of work is covered adequately.

The Supervising Planner responded in the affirmative; stated the \$12,000 referenced by Ms. Thomson is included in the existing traffic study and the draft Environmental Impact Report (EIR); the work was performed outside the original scope of work; staff has reviewed all comments received after the draft EIR; piece meal comments have been submitted into the record; responses will be included in the final EIR.

Councilmember deHaan inquired whether staff would be provided with the Planning Board, Transportation Commission and public comments.

The Supervising Planner responded comments would be addressed in the future; stated the Traffic Engineer, Public Works and Planning staff, City Attorney's office, and environmental consultant had extensive discussions on how to respond to comments received; there were concerns about additional intersections on Park Street and

Otis Drive and unanticipated consequences from existing traffic signal improvements.

Councilmember deHaan inquired how the study would dovetail with the Transportation Commission's concerns regarding looking beyond the focused area.

The Supervising Planner responded staff is looking at intersections as far away as Park Street and Lincoln Avenue; stated staff is following up with the Transportation Commission's bicycle interconnection, transit and pedestrian concerns; an on-sight workshop is scheduled with the Planning Board on March 12.

Councilmember deHaan inquired whether the Safeway fueling station and Alameda Landing entitlement changes would be discussed.

The Supervising Planner responded that he received comments on the Safeway fueling station from John Knox White with the Transportation Commission; stated comments would be discussed at the March 12 Planning Board meeting; staff is not looking at how Alameda Landing relates to the project.

Councilmember deHaan inquired whether 2005 was the baseline date for determining tax and traffic data.

The Supervising Planner responded real data was gathered in 2002-2003 for the previous shopping center expansion proposal; stated Omni-Means collected new data for the 2005 proposal; traffic levels were lower because of vacancies; the higher number was used in the traffic study.

Councilmember deHaan stated not all retail is equal; inquired whether a different retailer would have a different requirement.

The Supervising Planner responded the project is treated as a shopping center with a variety of retail uses; stated retailers are treated the same.

Councilmember deHaan provided a handout; stated tax data was used as a base to make traffic determinations.

The Supervising Planner stated that the traffic study was based on trip generation factors; the information was consolidated into standard numbers that apply to a broad range of shopping centers.

Councilmember Gilmore stated the Bayfair Mall Target has the same retail square footage as the proposed Target; the Bayfair Mall Target is near BART, bus lines, and Interstates 880 and 580;

inquired why traffic impacts would not be assumed when transportation access is not good.

The Supervising Planner inquired whether Councilmember Gilmore was referring to the total size of the store.

Councilmember Gilmore responded Target needs to generate sale numbers to make the store work; stated the Bayfair Target is a regional shopping center that would draw more consumers because of the better transportation corridor; the proposed Target has the same size retail space and worse transportation access; inquired why a same size store would be built if retail sales would not be the same.

The Supervising Planner responded the traffic study is based on the total square footage of the shopping center, including Target; stated measurements are made by either counting cars or calculating standard trip generation factors for different types of businesses.

Councilmember Matarrese stated impacts are not being debated; questions need to be answered on whether the draft EIR has deficiencies; he does not believe the proposed Target would have no traffic impact.

The Supervising Planner stated the draft EIR identifies significant traffic impacts and includes mitigation measures.

Councilmember Matarrese inquired whether there is some flexibility for when the work should be done or for adjustments to data collection methods.

The Supervising Planner responded the project has been in the City's hands for two years; stated the process should have been completed a year ago under the Permit Streamlining Act; he would not recommend waiting to update the traffic study; the existing draft EIR includes some mitigation monitors.

Councilmember Matarrese inquired whether the final EIR would describe methods used to do the additional work, to which the Supervising Planner responded in the affirmative.

Councilmember Matarrese stated there are unanswered questions; the Contract needs to be approved to get the work done; inquired whether Ms. Risley's issue would be addressed in the final EIR.

The Supervising Planner responded the piece meal comments have been submitted and would be addressed in the final EIR.

Mayor Johnson inquired whether the additional work is the result of the Planning Board, Transportation Commission, and community input, to which the Supervising Planner responded in the affirmative.

Vice Mayor Tam stated additional traffic analysis is recommended by the Planning Board, Transportation Commission, and public; inquired what is not being addressed in the current scope.

The Supervising Planner responded that he did not know; stated no specifics were offered; staff is responding to any written comments received; the City's EIR guidelines require written response to any comments.

Vice Mayor Tam inquired whether the additional analysis would address timing, Target size, and tenant issues.

The Supervising Planner responded said issues would be covered in the additional analysis or in staff's professional judgment.

Councilmember deHaan inquired whether the Planning Board had the opportunity to review the scope of work.

The Supervising Planner responded in the negative; stated staff consolidated all comments received, which was two inches thick.

Councilmember deHaan inquired whether going back to the Planning Board would be more prudent.

The Supervising Planner responded a special meeting is scheduled for March 12 to walk the site.

Councilmember Matarrese stated the scope is sufficiently broad to allow interaction between the Planning Board and staff to move forward and make adjustments as information is gathered from the March 12 meeting.

Councilmember Matarrese moved approval of the staff recommendation.

Councilmember Gilmore inquired what is the comment and discussion period once the final EIR is prepared.

The Supervising Planner responded there is a mandatory fifteen day comment period once the final EIR is provided; stated that he anticipates more than a fifteen day comment period because the Planning Board wants opportunities to discuss the final EIR before the public hearing.

Councilmember Gilmore stated there would be a full-noticed hearing;

the Planning Board would take action on the final EIR; inquired what would happen if the Planning Board approved the final EIR.

The Supervising Planner responded the Planning Board would have the option of certifying the EIR and approving or denying the project; stated a workshop could be scheduled to discuss responses.

Councilmember Gilmore inquired whether the Planning Board decision could be appealed to Council, to which the Supervising Planner responded in the affirmative.

Councilmember Gilmore inquired whether there would be opportunities for the public and Planning Board to comment on the final EIR, to which the Supervising Planner responded in the affirmative.

Councilmember Gilmore seconded the motion, which carried by the following voice vote: Ayes: Councilmembers Gilmore, Matarrese, Tam, and Mayor Johnson - 4. Noes: Councilmember deHaan - 1.

Councilmember deHaan stated the scope should have gone to the Planning Board; that he cannot support the staff recommendation.

(*07-081) Recommendation to allocate \$347,000 in Measure B Funds and award a Contract for Design and Construction Administration Services in the amount of \$102,695, including contingencies, to Baseline Engineering for Grand Street Bridge and Ballena Boulevard Bridge Repair and Resurfacing, No P. W. 11-06-24. Accepted.

(*07-082) Recommendation to authorize installation of Stops Signs to replace Yield Signs at the intersections of Adams Street and Peach Street; Post Street and Washington Street; Calhoun Street and Peach Street, Fairview Avenue and Cornell Drive; Bayo Vista Avenue and Cornell Drive; Harvard Drive and Windsor Drive; Cambridge Drive and Windsor Drive. Accepted.

(*07-083) Recommendation to adopt Plans and Specifications and authorize Call for Bids for installation of Countdown Pedestrian Signal Heads and Audible Pedestrian Signals, No. P.W. 01-07-01. Accepted.

(*07-084) Resolution No. 14068, "Authorizing Open Market Purchase Pursuant to Section 3-15 of the Alameda City Charter for Repair of the Main Street Ferry Terminal Pier, and Authorizing the City Manager to Enter into Such an Agreement." Adopted.

(*07-085) Resolution No. 14069, "Approving the Application for California Cultural and Historical Endowment (CCHE) Grant Funds Under the California Clean Water, Clean Air, Safe Neighborhood

Parks and Coastal Protection Act of 2002." Adopted.

(07-086) Resolution No. 14070, "Amending City of Alameda Resolution No. 13937 to Change the Timing of Compliance for the Final Lighting and Signage Plan Condition of Approval for Design Review DR-5-0041, the Proposed Cineplex at 2305 Central Avenue, from "Prior to Issuance of Building Permit" to "Prior to the Issuance of a Temporary Certificate of Occupancy", and to Change the Timing of Compliance for the Final Lighting, Signage, and Landscaping Plan Condition of Approval for Design Review DR05-0028, the Proposed Parking Garage at 1416 Oak Street, from "Prior to Issuance of Building Permit" to "Prior to the Issuance of a Temporary Certificate of Occupancy." Adopted; and

(07-086A) Resolution No. 14071, "Resolution Amending City of Alameda Resolution No. 13907 to Change the Timing of Compliance for the Queuing Plan Condition of Approval for Use Permit UP05-0018 from "Prior to Issuance of Building Permit" to "Prior to the Issuance of a Temporary Certificate of Occupancy." Adopted.

Councilmember Gilmore stated she would like the Planning Board to have a full discussion on trees; she likes the idea of continuing the sycamore trees along Central Avenue; tree spacing issues can be worked out.

Mayor Johnson concurred with Councilmember Gilmore; stated planting a different type tree would be contrary to the Master Tree Plan; major streets should have the same type tree.

Councilmember Gilmore requested staff to review the Oak Street tree treatment.

Councilmember Matarrese stated aphid infested trees are messy.

Councilmember Gilmore moved adoption of the resolutions with direction that the Planning Board address tree selection.

Councilmember Matarrese seconded the motion.

Under discussion, Councilmember deHaan inquired whether other developers have been given the opportunity to postpone discussions in order not to delay design approval.

The Development Services Director responded it is very unusual to have sign and landscaping designs done so early in the project.

On the call for the question, the motion carried by unanimous voice vote - 5.

(*07-087) Ordinance No. 2963, "Repeal the Existing Time Limit for Incurring Debt in the Business and Waterfront Improvement Project." Finally passed.

REGULAR AGENDA ITEMS

(07-088) Resolution No. 14072, "Appointing Walter Schlueter as a member of the Housing Commission." Adopted.

Councilmember Matarrese moved adoption of the resolution.

Councilmember Gilmore seconded the motion, which carried by unanimous voice vote - 5.

The City Clerk administered the Oath and presented a certificate of appointment to Mr. Walter Schlueter.

Mr. Schlueter stated that he looks forward to serving on the Housing Commission.

(07-089) Public Hearing to consider Parcel Map No. 9286, (1900, 1910, 1920, 1930, 1950, 1960, and 1980 North Loop Road) to merge six existing parcels into five parcels with each parcel accommodating new flexible use building (warehouse, distribution, light manufacturing and administrative office). The site is located within the Harbor Bay Business Park in the C-M-PD, Commercial Manufacturing, Planned Development Zoning District; and

(07-089A) Resolution No. 14073, "Approving Parcel Map 9286 (TM 06-0005) for the Purpose of Establishing Five Commercial Lots Located at 1900-1980 North Loop Road." Adopted.

The Planning and Building Director gave a brief presentation.

Councilmember deHaan moved adoption of the resolution.

Councilmember Matarrese seconded the motion.

Under discussion, Councilmember Matarrese stated good progress has been made; he looks forward to having commercial, non-retail development since the Quarterly Sales Tax report shows a decrease in business-to-business taxes.

Councilmember deHaan inquired whether the area is parceled out.

The Planning and Building Director responded the Ferry Terminal area is still undeveloped.

On the call for the question, the motion carried by unanimous voice vote - 5.

ORAL COMMUNICATIONS, NON-AGENDA

None.

COUNCIL COMMUNICATIONS

(07-090) Consideration of Mayor's nomination for appointment to the Golf Commission.

Mayor Johnson nominated Bill R. Delaney.

(07-091) Vice Mayor Tam stated she attended the League of California Cities East Bay Division February 15, 2007 dinner meeting; bond funding allocation principles and term limits were discussed.

(07-092) Councilmember Matarrese requested a report on the new Library operations, staffing and long range plans, including library branch improvements.

(07-093) Councilmember Matarrese requested that staff provide a picture and an Off Agenda Report on how Long's will look after construction is complete; requested that staff inquire whether Long's would consider landscaping the corner across from City Hall.

(07-094) Councilmember deHaan requested that vegetation options be considered for Long's north side.

(07-095) Councilmember deHaan stated CalTrans plans to replace the Webster Street Tube lighting similar to the Caldecott Tunnel lighting; there is garbage in the Webster Street Tube entryway; the fence is damaged; Alameda's gateway looks scraggly.

(07-096) Mayor Johnson stated she spoke to Oakland Councilmember Quan regarding the City of Oakland's styrofoam ordinance which has been in effect since January 1, 2007; San Francisco's ordinance will become effective July, 2007; Berkeley has an ordinance; requested that the Climate Protection Campaign Task Force review the matter.

(07-097) Councilmember deHaan thanked staff for efforts made to eliminate the clothing collection bins on public areas.

The City Manager stated Code Enforcement was responsible for the

removal of the bins.

ADJOURNMENT

There being no further business, Mayor Johnson adjourned the Regular Meeting at 9:46 p.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL CITY COUNCIL MEETING
TUESDAY- -FEBRUARY 20, 2007- -6:45 p.m.

Mayor Johnson convened the Special Meeting at 6:50 p.m.

Roll Call - Present: Councilmembers deHaan, Gilmore,
Matarrese, Tam, and Mayor Johnson - 5.

Absent: None.

The Special Meeting was adjourned to Closed Session to consider:

(07-072) Conference with Labor Negotiators: Agency Negotiators:
Craig Jory and Human Resources Director; Employee Organizations:
All City Bargaining Units.

Following the Closed Session, the Special Meeting was reconvened and Mayor Johnson announced that Council received a briefing from Labor Negotiators on the status of negotiations with various City bargaining units; no action was taken.

Adjournment

There being no further business, Mayor Johnson adjourned the Special Meeting at 7:35 p.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE COMMUNITY IMPROVEMENT COMMISSION MEETING
TUESDAY- -FEBRUARY 20, 2007- -7:27 P.M.

Chair Johnson convened the Special Meeting at 7:40 p.m. Commissioner Matarrese led the Pledge of Allegiance.

Roll Call - Present: Commissioners deHaan, Gilmore, Matarrese, Tam, and Chair Johnson - 5.

Absent: None.

MINUTES

(07-003) Minutes of the Community Improvement Commission Meeting held on January 16, 2007. Approved.

Commissioner Tam moved approval of the minutes.

Commissioner Matarrese seconded the motion, which carried by unanimous voice vote - 5.

SPECIAL ORDERS OF THE DAY

(07-004) Report on Alameda Theater, Cineplex, and Parking Structure Project Construction update.

The Redevelopment Manager gave a brief Power Point presentation.

Commissioner deHaan inquired what is the likelihood of bringing back value-engineering items.

The Redevelopment Manager responded the likelihood is good if there are no significant surprises.

Commissioner deHaan stated the date has expired on approximately 25% of the items.

The Redevelopment Manager stated the majority of the façade items have no immediate time limit.

Commissioner Gilmore inquired what is the last date for adding in the bas-relief; further inquired what type of finish is on the bas-relief.

The Redevelopment Manager responded staff has requested the Contractor to hold the price for six months; stated the bas-relief finish is cast concrete.

Vice Mayor Tam stated that she is concerned the cost expended for

the parking garage is 13% and the contingency is 38%; inquired whether thresholds would be developed for budget constraints and contingencies.

The Redevelopment Manager responded the City's risks come from the unknowns; stated most of the unknowns are related to soil conditions, ground water, and contaminated soil; said risks would be eliminated in March; there are no design liabilities.

Mayor Johnson inquired whether contingencies would be left if the same course continues, to which the Redevelopment Manager responded in the affirmative.

Commissioner deHaan inquired what art would be placed on the theater and parking structure.

The Redevelopment Manager responded the City's public art requirement has been satisfied through the rehabilitation and restoration of the historic theater.

Richard W. Rutter, Alameda, submitted handout; outlined concerns with the parking garage north façade.

Christopher Buckley, Alameda, discussed the visual impacts of the parking garage north wall changes and street tree selections.

Commissioner deHaan inquired whether staff anticipated that the Cineplex developer would be the General Contractor from the beginning.

The Redevelopment Manager responded in the negative; stated Overaa Construction's bid was not competitive.

Commissioner deHaan inquired whether staff is satisfied with the General Contractor's ability, to which the Redevelopment Manager responded in the affirmative.

Commissioner deHaan inquired whether the General Contractor plans on adding back value engineering items, to which the Redevelopment Manager responded in the negative.

Commissioner deHaan inquired whether the canopies would be standard.

The Architect responded that the State Architect and Section 106 Consultant requested that the historic theater, Cineplex and parking structure canopies be different.

Commissioner deHaan inquired whether the Architect is comfortable with different canopies, to which the Architect responded in the affirmative.

Commissioner Matarrese inquired whether the north elevation could be corrected; stated the original design is better.

The Architect responded keeping all facades level is expensive.

Commissioner Matarrese inquired what the cost would be, to which the Architect responded at least \$50,000.

Commissioner Matarrese inquired what would be left in the contingency fund by putting the sheer wall back or spending \$50,000 to fix the wall.

The Architect responded combining the two sheer walls into one wall saved a lot of money; stated a false sheer wall would cost between \$80,000 and \$90,000.

Commissioner Matarrese inquired what would be the remaining contingency, to which the Redevelopment Manager responded approximately \$260,000.

Commissioner Matarrese requested staff to investigate options to mitigate the parking garage north wall sloping appearance; stated the Oak Street presentation is nice.

The Redevelopment Manager stated options would be explored.

Commissioner Gilmore inquired what is the final date to make decisions.

The Architect responded decisions could be made later because the issue is not structural.

Commissioner deHaan inquired whether the timeline is being held to November.

The Redevelopment Manager responded the timeline is subject to schedules noted in the Contract.

Commissioner deHaan stated great progress has been made with the historic theater and parking garage; inquired whether the Cineplex would dovetail with the historic theater and parking garage completion.

The Redevelopment Manager responded the Cineplex would take less

time; stated the Contractor is hoping for completion at the end of this year; the first couple of months of 2008 is more realistic.

ADJOURNMENT

There being no further business, Chair Johnson adjourned the Special Meeting at 8:30 p.m.

Respectfully submitted,

Lara Weisiger
Secretary

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL JOINT CITY COUNCIL,
ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY, AND
COMMUNITY IMPROVEMENT COMMISSION MEETING
TUESDAY- -FEBRUARY 20, 2007- -7:31 P.M.

Mayor/Chair Johnson convened the Special Joint Meeting at 9:46 p.m.

ROLL CALL - Present: Councilmembers/Board Members/Commissioners
deHaan, Gilmore, Matarrese, Tam and
Mayor/Chair Johnson - 5.

Absent: None.

AGENDA ITEM

(07-098CC/07-005CIC) Recommendation to accept the Fiscal Year 2007
Second Quarter Financial Report and budget adjustments.

The Finance Director gave a brief presentation.

Mayor/Chair Johnson inquired whether reserve money is funding the
Golf budget, to which the Finance Director responded in the
affirmative.

Mayor/Chair Johnson inquired how much is being drawn from the
reserves.

The Finance Director responded the Fiscal Year would end with a
\$500,000 loss; stated depreciation is part of the loss; the net
cash loss is approximately \$250,000 to \$300,000.

Mayor/Chair Johnson stated the money used to supplement the Golf
budget was set aside for the Clubhouse; finding a way to stop
spending reserve money is important.

The City Manager stated several options are being considered; the
Golf Commission recommended a rate increase be presented to Council
at the March 20 City Council meeting.

Mayor/Chair Johnson stated that she is interested in cost savings
rather than a rate increase; rounds are declining; budget controls
need to be put in place; alarms should have gone off when reserve
money was being spent; a separate, inaccessible account should be
set for a reasonable operating reserve; the money has not been used
for the intended purpose.

Councilmember/Board Member/Commissioner Gilmore stated a resolution
could be adopted that states that the Golf Commission cannot spend

more than a certain amount without Council approval.

Councilmember/Board Member/Commissioner deHaan inquired whether the approved budget included reducing reserves, to which the Finance Director responded in the affirmative.

Councilmember/Board Member/Commissioner deHaan stated Golf and Alameda Power and Telecom funds were used to balance the budget in 2005; inquired whether the amount has been reduced.

The Finance Director responded the Return on Investment (ROI) has been reduced from 1% to .3%.

Mayor/Chair Johnson stated that she likes Councilmember/Board Member/Commissioner Gilmore's suggestion; the budget should not use the net asset balance as part of the regular operating budget; the intended purpose is not to use the money for operations.

The City Manager stated the matter would be brought back to address impacts and recommend budget adjustments.

Councilmember/Board Member/Commissioner deHaan stated a short-term fix is needed; setting a benchmark would be a healthy start.

Mayor/Chair Johnson stated the budget would be set, not benchmarks.

Councilmember/Board Member/Commissioner Matarrese inquired whether the [General Fund] reserve would be over 20% with the adjustment, to which the Finance Director responded in the affirmative.

In response to Councilmember/Board Member/Commissioner Matarrese's inquiry about the amount, the Finance Director stated \$415,645.

Councilmember/Board Member/Commissioner Matarrese inquired whether spending \$400,000 on deferred maintenance would be better, to which the Finance Director responded that she would not recommend using the money for deferred maintenance; the matter could be considered in the next budget.

Councilmember/Board Member/Commissioner Matarrese stated the matter should be included in the next budget.

Councilmember/Board Member/Commissioner Gilmore stated discussions should address whether and when to build reserves back up to 25%.

Vice Mayor/Board Member/Commissioner Tam requested that the

discussion include a review of the reserve threshold needed to secure good bonding rates.

Councilmember/Board Member/Commissioner deHaan inquired why the reserve target is 25%.

The Finance Director responded 25% represents approximately two to three months of payables; stated 25% has been memorialized as part of the City's financial policies; the amount was temporarily reduced in order to meet deferred maintenance goals.

Councilmember/Board Member/Commissioner deHaan stated the reserve should get back to 25%; including a 1% to 2% increase in the next budget cycle would be nice.

Mayor/Chair Johnson stated the issue should be discussed; the 25% reserve was accumulated from deferring maintenance; the goal should be 25% but not at the expense of accumulating deferred maintenance.

Councilmember/Board Member/Commissioner deHaan stated the deferred maintenance backlog should be understood by the next budget.

The City Manager stated an infrastructure update would be presented.

Councilmember/Board Member/Commissioner deHaan inquired whether the ten-year forecast would be pursued.

The Finance Director responded the mid-year items would be added to the ten-year forecast; past performance is no predictor of the future.

Mayor/Chair Johnson inquired whether the sewer fund is lower than expected to which the Finance Director responded the sewer fund is lower because only a partial payment has been received from the County.

Mayor/Chair Johnson inquired when the proposed Golf resolution could come back, to which the City Manager responded 30 days.

The Finance Director stated the resolution could be addressed at the March 20 City Council meeting.

In response to Councilmember/Board Member/Commissioner deHaan's inquiry regarding Golf cost allocation charges, the Finance Director stated Council could decide not to charge a particular

fund.

Mayor/Chair Johnson stated cost allocations reflect the cost of doing business; the General Fund or other departments would be subsidizing Golf operations if cost allocations were eliminated.

Councilmember/Board Member/Commissioner deHaan stated costs are standard overhead costs that should be a burden against the activity; the Golf Commission was under the interpretation that the money was going to the General Fund and being used as discretionary which is not the case; the Commission needs to understand that the costs support operations.

The Finance Director stated the general administrative services are a function found in any business; all operating departments need to share in the costs.

Councilmember/Board Member/Commissioner deHaan stated that he did not want any confusion.

Councilmember/Board Member/Commissioner Matarrese moved approval of the staff recommendation with direction to bring a resolution forward to mandate a balanced budget in the Golf Fund and to have a discussion on Reserve funds at the next budget cycle.

Vice Mayor/Board Member/Commissioner Tam seconded the motion.

Under discussion, Mayor/Chair Johnson stated the Council/Board/Commission requested that the resolution come back within 30 days; a balanced budget could be implemented sooner.

On the call for the question, the motion carried by unanimous voice vote - 5.

ADJOURNMENT

There being no further business, Mayor/Chair Johnson adjourned the Special Joint Meeting at 10:18 p.m.

Respectfully submitted,

Lara Weisiger, City Clerk
Secretary, Community Improvement
Commission

The agenda for this meeting was posted in accordance with the Brown

Act.